Inside: Guerrillas in Nicaragua/Israel's Underworld/U.S. Arms Sales

International Bulletin

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ARM ON-THE-SHOULDER DIPLOMACY

Carter Courts Nigeria

The Carter administration is making a strong move to form a political alliance with Nigeria, the richest and most populous nation in black Africa. Nigerian head of state, Lt. Gen. Olusegun Obasanjo, was welcomed at the White House this month as a "freedom fighter" by the President, and Carter will visit Lagos, Nigeria, at the end of next month during his whirlwind nine-nation tour. "Years ago we had nothing but animosity between us," Carter told Obasanjo after two days of talks. "Now we have nothing but friendship."

The warm welcome for the Nigerian leader represents a significant shift in U.S. policy. As the *New York Times* put it: "The Carter administration has come to view Nigeria as the most important black African country and as a pivotal power for influencing events throughout the continent." The last Nigerian head of state to visit the United States, Gen. Yakubu Gowon, was shunned by then-President Nixon. Nigeria denounced the U.S. role in Angola, gave important financial and diplomatic support to the leftist MPLA, and refused three times to meet with former Secretary of State Kissinger, saying his proposals for majority rule in Zimbabwe (Rhodesia) were "not sincere."

Now, with a strong push from UN ambassador Andrew Young, the Carter administration is trying to line up Nigerian support for U.S. policy in Africa. As a sweetener, the Defense Department announced last week that it plans to sell Nigeria seven Boeing CH-47C military transport helicopters and support equipment for an estimated $45.5 million. If Congress approves the sale, it will be the largest U.S. arms deal ever negotiated with Nigeria. Last year, the U.S. sold Nigeria only $5.1 million in military equipment and a mere $12.6 million between 1950 and 1976.

photo/UN

UN ambassador Young and Nigeria's Obasanjo: "nothing but friendship"

There is a strong element of economic self-interest in the Carter administration's new pro-Nigeria policy. U.S. multinational corporations have invested more than $1 billion in Nigeria's oil-boom economy. Tcom, a U.S. communications company, is building balloon relays for a new Nigerian telephone and television system. Bechtel Corporation is constructing a luxury hotel to be run by Holiday Inn. Genesco Inc. has sold 300,000 pairs of boots to the Nigerian army, and a consortium of three U.S. companies has just been awarded a $2 million design contract for a new Nigerian capital to be hacked out of the jungle, 200 miles northeast of Lagos. Nigeria is also an important U.S. market. It is Africa's main importer of U.S. equipment and services—in excess of $700 million annually.

More importantly, Nigeria is the second largest U.S. oil

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Steel: Shifting the Blame to Imports

"The United States is the country which more than any other determines whether the [economic] climate moves in a protectionist direction or not." This was the assessment offered at mid-month by European Common Market president Roy Jenkins. What Jenkins had on his mind, above all, was steel. "There is a grave danger," he warned, "that troubles in this old but very basic industry might well be the trigger which sets off a move" toward greater protectionism in all areas of trade.

Jenkins is not the only one preoccupied by the troubles of the steel industry and its impact on world trade. With nearly 20,000 layoffs in the U.S. steel industry since mid-summer, President Carter is currently under intense pressure to find a policy that will protect jobs without setting off a chain reaction of protectionism throughout the developed capitalist world. Recommendations by a special interagency "steel task force" set up in September are due later this month.

An aggressive campaign against foreign steel imports has been launched by the U.S. industry with help from union leaders and members of Congress from steel states who have formed a 150-strong "steel caucus." The industry says its biggest problem is dumping—that is, sales by foreign firms in the U.S. at prices lower than those they charge in their home markets. One of the industry's chief weapons is a "white paper" commissioned by the American Iron and Steel Institute (AISI). The study, published last spring, charges that Japanese and European firms have undercut U.S. companies by selling here at prices below their own costs. The report warns that rising imports threaten the future of the U.S. steel industry, because they mean lower profits and therefore lower investment in new facilities, leading to an "intolerable" dependence on foreign steel in the 1980s.

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Steel

[continued from page 1]

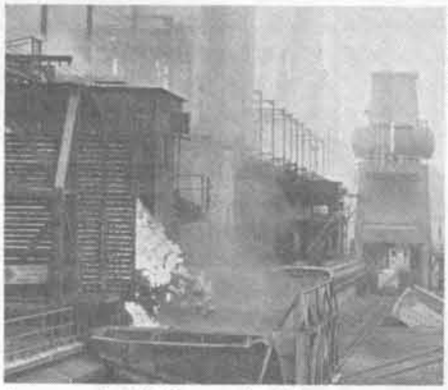
• **JAPAN**: The main target of the U.S. campaign so far has been Japan, which accounted for over half the steel imports in the U.S. last year. On October 3, the industry won its first skirmish when the Treasury Department ruled in favor of anti-dumping charges brought by a U.S. firm against five Japanese producers of carbon steel plate. If it is shown that the dumping hurt the U.S. industry, the Japanese firms will have to pay substantial duties. A much bigger dumping case, brought by U.S. Steel against virtually the entire Japanese steel industry, is pending before the Treasury Department.

Japan's steel industry is the most modern and efficient in the world. Its capacity far exceeds home demand, so Japan has pursued an aggressive export policy. A CIA study obtained by the *Wall Street Journal* in August predicted that the chief strains in steel in the next few years will continue to be between the U.S. and Japan, because Japan's excess capacity will mean high exports and the most accessible market is the U.S.

Japanese steelmakers deny that their ability to compete successfully in the U.S. is the result of unfair trade practices. Instead, they say, U.S. firms are in trouble because of their failure to modernize, resulting in less efficiency and lower labor productivity. Japanese steel executives this summer offered statistics to show that steelmakers in their country invested \$18.4 billion in new facilities from 1970 to 1976, while their U.S. counterparts spent \$14.4 billion.

The study prepared for the AISI claimed that lower Japanese production costs are due mainly to lower wages. But the study also indicated that productivity in Japanese steelmaking has risen 100 percent since 1967, compared to a 16 percent gain in the U.S. industry. "This suggests," concluded the *Wall Street Journal*, "that even if Japanese workers were paid American wages, the Japanese companies would still have lower labor costs per ton than U.S. producers."

An independent report prepared by the U.S. investment firm Merrill Lynch concluded that productivity in Japanese mills is 50 percent above that in the U.S. on a ton-per-person-per-year basis. The Merrill Lynch study "jolted the U.S. industry"—according to a special report on steel published by *Business Week* September 19—because it concluded that "imports are not the problem" but rather a symptom of deeper problems in the U.S. industry. The study indicated that technological advances have enabled Japanese producers to make more efficient use of resources. As a



photo/UN

Japanese steel: higher productivity

result they pay less for raw materials, even though most are imported.

• **EUROPE**: European steel producers —fearful that the U.S. will erect barriers to steel imports, triggering a steel trade war—proposed at a meeting in Rome this month to voluntarily limit their exports to the U.S. for three years if Japan would do the same. In exchange, they hope U.S. firms will drop dumping complaints. But the offer did not satisfy U.S. steelmakers, who want a more formal agreement. U.S. Steel is planning to file a dumping complaint against European firms with the Treasury Department by the end of the month.

Europe's steel industry is in the midst of its worst crisis in 20 years. Faced with stagnant world demand, growing competition from steel newcomers like South Korea and Taiwan, excess capacity and aging plants, nearly all of Europe's steel producers are in the red. Because unemployment is a more explosive political issue in Europe, European governments often operate or subsidize steel industries to maintain jobs even when profits slump. U.S. producers say that European firms, with government backing, are pushing exports for the U.S. market.

In its study on steel, the CIA described the European industry as in "the worst shape" among the major producers, and predicted that European governments will have "little option but to concentrate on protecting their domestic markets." U.S. steelmakers charge that already an informal agreement limiting Japanese steel exports to Europe has caused Japan to unload 1.5 million tons of low-cost steel destined for Europe in the U.S.

President Carter has resisted calls for quotas on foreign steel imports. But the political pressure has become so intense that chief trade negotiator Robert Strauss said this month that the U.S. will not rule out "orderly marketing agreements" on steel—similar to those negotiated earlier this year to limit imports of shoes and TV sets. Strauss argues that imports are not responsible for most of steel's problems, but he says that unless the industry is given some short-term relief, the administration may be outflanked by Congress which could slap stiff quotas on foreign steel.

Carter has opposed quotas on the basis that they will invite retaliation from other nations. Far more jobs would be lost by a cut in exports, argues the administration, than are threatened by imports. The government says one out of six manufacturing jobs and one out of three farm acres produce for export.

A study prepared this month by the Council on Wages and Prices (COWP) also concludes that curbs on steel imports will be inflationary, because industry will use the shelter from foreign competition to raise prices. The study concludes that quotas would produce only small percentage increases in domestic production and employment. The 18 percent share of the domestic market now held by imports, said the Council, is roughly in line with historical patterns. The study concluded that a general economic revival is the best way to help the steel industry.

Critics of big steel also argue that its campaign against foreign imports is aimed at shifting blame for steel's problems away from the industry. When Youngstown Sheet & Tube Co. announced last month it was laying off 5,000 workers, it laid the blame on foreign competition. Yet *Business Week* reported October 3 that the Lykes Corp. of New Orleans, which bought Youngstown in hopes of using it to finance the conglomerate's expansion in other areas, "failed to invest sufficiently to refurbish the pre-World War I open hearth and blast furnaces in Youngstown." Now, said the magazine, Lykes is "scrambling to cut its losses."

"I'm sure Youngstown wanted to close that obsolete plant, but they were faced with a public relations problem," a Commerce Department official told *Newsweek* this month. "But as part of an orchestrated campaign, they can blame it on imports and therefore on the United States government for not protecting them." —JA

INTERNATIONAL BULLETIN

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Staff: Editorial—Jan Austin, Elizabeth Farnsworth, Banning Garrett, Russ Stetler, Steve Talbot, Barry Winograd (counsel); Production—Peter Truskier; Research—Stu Wasserman; Circulation—Susan Mills; Engineering—Dan Mattson.

Behind the Yemeni Assassination

The assassins who killed Yemeni President Ibrahim al-Hamdi knew they couldn't be caught, in spite of the tightest security clampdown in the country's history. Armored cars blocked the streets of the capital near the scene of the assassination. Police were checking the identity of everyone on the street. But under the anachronistic Islamic-influenced laws of North Yemen "everyone" means men only. The police are not allowed to stop women. According to the Egyptian paper *Al Ahram,* the killers simply disguised themselves as women and walked through the security checkpoints.

President Hamdi supported the idea of uniting North and South Yemen and held talks on this subject last February. He was assassinated on the eve of a scheduled trip to leftist South Yemen to continue discussions on uniting the two Yemens. The timing of the murder strongly suggests that it was planned by opponents of the proposed merger. Some conservatives feared merger would mean the spread of Marxist influences.

In speculative articles on the assassination plot, the Arab press has cast suspicion on two groups which oppose the merger of the two Yemens—Hamdi's rivals inside the ruling military elite and the once-powerful tribes whose financial subsidies and political influence had been sharply curtailed under Hamdi's rule. In the sixties, Saudi Arabia backed the tribes in a war which pitted traditional royalists against Egyptian-supported nationalists who wanted to transform North Yemen into a modern republic. The war ended in stalemate, coalition governments included royalist and republican elements, and the Saudis and Egyptians patched up their own differences.

President Hamdi took power in a bloodless coup three years ago, and his main policies have been pro-Western, anti-Soviet and cordially endorsed by Saudi Arabia. Since the assassination of King Faisal and the emergence of Saudi Arabia as an oil-rich regional power, the Saudis themselves have abandoned rigid traditionalism and sought to use their financial influence to win over their one-time ideological foes on the Arabian peninsula.

The Saudis in particular have tried to diminish Soviet influence in the tiny Marxist republic of South Yemen by offering economic aid. Merger of the two Yemens—once backed only by radical Arab states such as Libya—may be less threatening to the current generation of Saudi leaders.

So far, there is no indication that Hamdi's policies will be reversed by his successors—all of whom worked closely with him in the past. Economically, North Yemen will continue to be dominated by its dependence on exported labor. Last year 800,000 Yemenis working in Saudi Arabia sent home $600 million; this year the returned income may reach $1 billion.

Yemen's political importance to outside powers derives from its strategic location, guarding the Red Sea entrance to the Suez Canal. Just as many outside interests are competing for influence on the African side of the Red Sea (in Ethiopia and Somalia), the continuing palace intrigues in Yemen are also likely to reflect this strategic competition. —RS

Israel's Underworld

"When you hear of organized crime, you think of the Mafia and the Godfather," Israeli Interior Minister Josef Burg commented recently. "It may not be exactly like that here, but the underworld is becoming more sophisticated and organized." Newspaper and parliamentary allegations of an organized crime syndicate abetted by corrupt Israeli officials had prompted Burg to ask a police commission to investigate the stateof criminal activity in Israel.

The commission's report was presented to Prime Minister Begin's cabinet last month, prompting the government to create another commission of inquiry independent of the national police to investigate further whether organized crime exists in Israel.

The police commission seemed to split hairs in acknowledging a network of "professional and sophisticated" criminals, while insisting that this network is not "in the style of [organized crime in] the United States." According to the police report, the Israeli network specializes in murder, theft, drugs and extortion —while also intimidating witnesses who might put its agents behind bars. The *Jerusalem Post* lamented, "It is bad enough that the underworld casts such a pall of fear over society that normally law-abiding citizens feel obliged to cooperate with the criminals—rather than with the crime-fighters. That, indeed, appears to be the situation in Israel today and has led to the feeling that the police force, as presently constituted, is incapable of assuring the domestic security of the citizenry."

Interior Minister Burg has promised a crackdown on the criminal network, with a transfer of 400 police from desk to field jobs. But the multi-million-dollar crackdown has not satisfied all critics, some of whom have linked Israeli crime to top-ranking generals and well-placed building contractors. And to Minister Burg's embarrassment, more than 12 members of the Tel Aviv bomb squad were recently arrested on suspicion of stealing packages they were sent to check in the line of duty.

Critics also charge that the Begin government is soft on white-collar crime. During its first weeks in office, the Begin government amended the extradition law to ban the extradition of Israeli citizens and gave priority to considering an amnesty for tax evaders. Last month, Begin (who doubles as justice minister) blocked the extradition of an Israeli accused of embezzling more than 10 million Swiss francs.

Begin also prevailed upon his President to commute the 12-year sentence of a local embezzler, Reserve Col. Yehoshua Bension, convicted of embezzling $47 million as manager of the Israeli-British Bank. Begin insists that his action was purely humanitarian, but the London *Economist* skeptically noted that Begin "disregarded the opinions of the supreme court, the prison parole board and government physicians" in freeing Bension, whom the magazine described as an "ardent supporter" of right-wing nationalist organizations "which in turn are ardent supporters of Mr. Begin's regime." —RS

Is Mexico's Economy Recovering?

Many international financial analysts are now saying that Mexico has weathered the worst in its current economic crisis, but from inside Mexico, the view is less optimistic. "The monetarist measures taken by this government are drowning the country," wrote economic analyst Raul Olmedo in the widely read Mexico City daily *Excelsior* earlier this month. He pointed to stagnating production (the gross domestic product will grow only 1 percent this year, compared to 2 percent last year and 7 percent several years ago), to rising unemployment (now around 40 percent, if the underemployed are included), and a 50 percent loss in purchasing power for most workers. "It gathered force like a hurricane, and now it's on us full force," said one observer, referring to the economic difficulties that have mounted since last August's 50 percent devaluation of the peso. In the path of this hurricane are thousands of bankrupt small businesses and decreased access to health and other social services for most Mexicans, as the few government programs which existed are shut down to cut the federal deficit.

The current "austerity program"—which includes cutting the federal budget, holding down wages, and funneling investment and loans into "productive" state enterprise instead of social services—was imposed last year by the International Monetary Fund (see *IB*, vol. IV, no. 11) in return for a $1.2 billion standby credit. The government of Jose Lopez Portillo has implemented the plan and—depending on the vantage point of the observer—it has either had some success or failed dismally.

Mexico's top leaders expressed their assessment of the current situation in cautious terms. Last month in his first State of the Union address since taking over the government last December, President Lopez Portillo admitted that many problems remain, but he pointed to a "climate of confidence" in Mexico s economy as evidence that things are improving. Minister of Finance and Public Credit Julio Rodolfo Moctezuma is more optimistic. He told reporters recently that the world's bankers have regained full confidence in Mexico's economy. "Confidence," he said, "is an indispensable prerequisite for the recuperation of the economy. It doesn't mean we've left behind the crisis, but it means we've passed the most difficult and painful part of it."

As evidence that big international bankers are now bullish on Mexico, he pointed to the $1.2 billion loan now under negotiation with a consortium of around 17 banks, including several large U.S. banks. The loan, which is the largest in Mexico's history, will be raised on the Eurodollar market. It will go into nuclear and hydroelectric energy projects, and for steel and oil development.

One U.S. bank economist told Internews that international bankers are increasingly impressed with the Lopez Portillo government. What counts to bankers, he pointed out, is what happens in the "external sector" of a nation's economy—to the balance of payments and balance of trade. If foreign exchange is available to meet interest payments, bankers will make loans—whatever the internal conditions, he said. In this area, Mexico's indicators have improved: exports in the first half of this year were 28 percent higher than last year, and imports were 22 percent lower giving Mexico a temporary positive balance of trade. But imports are down because of the domestic fecession, and critics of the austerity program point out that the very indicators which please the bankers also reflect the difficult conditions which face most Mexicans.

The other factor which gives bankers confidence is Mexico's apparent determination to become one of the world's major oil exporters. Each week brings new discoveries—including the recent announcement of immense natural gas deposits in the states of Coahuila, Tamaulipas and Campeche. Mexican newspapers are full of debates over the government's new oil and gas policy, which encourages rapid exploitation and development for export, mostly to the United States. There is intense controversy now over the agreement reached recently with six U.S. interstate pipeline companies to build a $1.5 billion 750-mile natural gas pipeline from Tabasco, close to the Guatemalan border, to the U.S. The U.S. Congress is currently considering an Export-Import Bank proposal for $400 million in credits to finance purchases in the U.S for the pipeline.

"Let's hope this doesn't become another Canal"

cartoon/*Excelsior*

Mexican critics charge the pipeline could become "another Panama Canal"—an area of intense U.S. strategic interest—because it will be providing U.S. homes and industries with 2.2 billion cubic feet of gas daily within five years—about 3 percent of projected total U.S. consumption. Energy Secretary James Schlesinger is reportedly very interested in this project and in Mexican oil in general. This worries many Mexicans. They argue that if Mexico becomes a significant supplier of oil for the United States, it will take on added importance in U.S. strategic planning. To U.S. bankers interested in Mexico's external sector, rising gas and oil exports are signs which generate confidence. To Mexicans interested in overall economic growth, the emphasis on oil exports is a temporary panacea which will increase Mexico's dependency on the U.S., invite intervention, and will not solve the immense structural problems Mexico's economy faces.

Recognizing that organized popular discontent would make it difficult to implement the austerity program, the government has cracked down on militant unions, while initiating a series of electoral reforms aimed at channeling discontent into progressive political parties. In the past two years, the gathering economic crisis provoked the most militant wave of labor insurgency since thw 1930s. Last year, the government of former president Luis Echeverria used troops to break a strike led by the large rank-and-file movement of electrical workers, which had played a key role in organizing a militant "democratic tendency" among Mexico's state-dominated unions. In July, the Lopez Portillo government moved against the left-dominated STUNAM, the union of the National University's workers and professors, using 12,000 armed police to break a strike.

At the same time, Lopez Portillo recently sent to the Congress an electoral reform program which for the first time provides for the legal registering of left parties. If a party can prove it has 65,000 members with followers in at least one half of the states, or if it can win at least 1.5 percent of the total vote in an election, it can apply for legal status and run candidates in congressional and municipal elections. According to the left magazine *Punto Critico*, this plan is a key part of the overall strategy of the Mexican government and the interests which support it—"to guarantee the basic economic and political position of capital, while ceding some questions to labor." —EF

SOMOZA SICK, REGIME DIVIDED

Nicaraguan Guerrillas Launch Attacks

The Nicaraguan Sandinista National Liberation Front has stepped up its attacks against the government of General Anastasio Somoza to take advantage of an internal government crisis. Doctors have warned Somoza, who had a heart attack in August, that he can not continue in office, and there is an internal struggle over who among his family members will succeed him. The struggle has reportedly created divisions in the family's main pillar of support—the National Guard.

Declaring that this was the time to begin an all-out attempt to overthrow the Somoza "dynasty," the guerrillas of the Sandinista Front recently launched a series of actions which included attacks last week against National Guard troops and installations in Managua—the first time the Sandinistas had openly attacked troops in the capital city. They also fought the National Guard in Masaya—about 15 miles south of Managua—where the government had to bring in tanks, aircraft and infantry to put down the Sandinistas. At least 15 guerrillas were killed in Masaya.

The latest series of attacks began October 13, when some 30 Sandinistas attacked a National Guard garrison in the town of San Carlos, on the southern border with Costa Rica According to some reports, after seizing the garrison, the guerrillas distributed weapons among San Carlos townspeople, and then held the town for seven hours, until National Guard reinforcements were flown in and the Air Force began to strafe and bomb the town. Most of the Sandinistas managed to flee to nearby hills, and into Costa Rica. The Nicaraguan government later admitted bombing a Costa Rican village "by mistake."

The Sandinista Front, which was founded in 1962, is named for Cesar Augusto Sandino, who fought U.S. occupation forces in Nicaragua during the 1920s. In December 1974, the Sandinistas took several prominent politicians and businessmen hostage, and released them in return for $1 million and freedom for 12 Sandinista political prisoners. Since then, Somoza's National Guard has—according to Nicaraguan church leaders and Amnesty International—instituted a reign of terror in rural areas of Nicaragua, killing hundreds of peasants and burning entire villages in counter-insurgency operations. The Nicaraguan National Guard was organized by the U.S. in the 1930s to take over the job of running the country after the last U.S. troops left, and U.S. forces based in Panama continue to have a close relationship with it. Some U.S. military strategists reportedly think a secure Nicaragua is crucial in "politically-unstable" Central America. When Managua was nearly destroyed by an earthquake in December 1972, the U.S. immediately sent soldiers from the Canal Zone, who helped Somoza's troops keep order.

Somoza: struggle over succession

U.S. human rights groups tried earlier this year to cut U.S. military aid to Nicaragua, but after well-organized lobbying by the Nicaraguan government and pressure from the Carter administration, the House voted to continue the aid program. Last month, Somoza lifted the state of siege which had been in effect since the 1972 Sandinista assault, and—in return—the U.S. released $2.5 million in foreign military sales credits for use by the National Guard. —EF

U.S. Arms Sales Up Despite Carter Pledge

When congressional arms sales critics like Sen. John Culver (D-Ia) realized last month that they did not have the votes to block the sale of seven sophisticated radar planes (AWACS) to Iran, they adopted a new strategy. Instead of opening a debate on the deal—as they had done successfully in July when the sale was first proposed to Congress—they sat tight. They were waiting for the end of fiscal year 1977, which came on September 30. Then they introduced their resolution opposing the sale, which lost.

Their complicated strategy was aimed at delaying approval of the $1.2 billion AWACS sale long enough that it could not be counted as part of this fiscal year's arms sales. The reason: President Carter has pledged that the total arms sales for fiscal 1977 will become a ceiling, and that each successive year's sales will be lower than the previous year. Because the AWACS deal was delayed until October, the ceiling is $1.2 billion lower than it would have been otherwise.

The maneuvering over the AWACS is indicative of the controversy that surrounds Carter's arms sales policy. That policy, issued in May, pledged among other things that the U.S. would not be the first to introduce new weapons into a region, and that arms sales would be an "exceptional instrument of foreign policy." But a report made public by a Senate subcommittee October 10 concluded that the administration "has yet to demonstrate a significantly reduced role for arms transfers as an instrument of United States foreign policy." The report, prepared by the Library of Congress, said that for fiscal year 1977, the U.S. had agreed to $9.9 billion in arms sales—compared to $8.7 billion in fiscal 1976.

Plans for several major new sales in the coming year have generated further controversy. The *New York Times* reported October 9 that Carter faces major debate within the administration over plans to sell 140 advanced F-16 fighters to Iran for some $3 billion. The Arms Control and Disarmament Agency has come out against plans to sell 60 advanced F-15 jets to Saudi Arabia. Senate majority leader Robert Byrd this month called the administration's performance in curbing arms sales "somewhat disappointing" and urged an immediate moratorium on further sales to Iran.

Carter's record indicates that, despite his arms policy, he has so far failed to resist traditional pressures for arms sales:

- arms sales help cut the trade deficit
- pressure from industry is intense
- sales of sophisticated weapons—like the AWACS to Iran or the F-15 to Saudi Arabia—often reduce production costs, making the weapons cheaper for the Pentagon
- the U.S. needs oil from Iran and Saudi Arabia, and help from the Saudis and Egyptians in Mideast negotiations.
- Carter found it hard to pass up the opportunity presented by the shifting alliances in Africa to challenge the Soviets—hence the plans for sales to the Sudan and Somalia (the latter was later dropped).
- the U.S. also finds it hard to say no to Third World clients who have become dependent on U.S. arms. —JA

internewsroundupinternewsroundup

THE CUBA-AFRICA CONNECTION

cuba

Cuba and Mozambique announced last week that they had signed a 20 year friendship and cooperation treaty providing for joint military and economic assistance. The treaty capped a 5-day visit to Cuba by Mozambique's Pres. Samora Machel and a top-level FRELIMO delegation. Machel—who met with Pres. Carter at the UN and visited Jamaica and Guyana before arriving in Cuba—was given a hero's welcome in Havana, where he was cheered by thousands.

The Cuban government feels particularly close politically to Machel and Mozambique's FRELIMO government, as well as to the Angolan government of Pres. Agostinho Neto. But Cuba is also strengthening ties with other African countries and liberation movements. In addition to Machel and Neto, the co-leader of Zimbabwe's Patriotic Front, Joshua Nkomo, and the acting president of South Africa's ANC, Oliver Tambo, have both visited Cuba recently, as have the president of South Yemen, Salem Robaya Ali, and Ethiopia's Foreign Minister, Col. Feleke Gedle-Giorgis.

Why Cuba's special interest in Africa? In a major interview last spring with the pro-Third World French magazine *Afrique-Asie,* Fidel gave this explanation, calling attention to Cuba's shift away from Latin America: "Africa is today the weakest link of imperialism . . . It is there that excellent prospects exist for being able to pass almost from tribalism to socialism . . . Imperialist domination there is not as strong as in Latin America. Thus, the possibilities of a fundamental evolution on the African continent are real . . . If the struggle remains very hard in Latin America, because the bourgeoisie there dominates the economy, the universities, the press and all sectors of national life, this phenomenon does not really exist in Africa because there is no bourgeoisie to speak of."

Allies in Africa: Cuba's Castro and Mozambique's Machel

GUESS WHO WANTS TO BUILD A U.S. RAILROAD?

s. africa

A South African company may win a major portion of a $30 million U.S. government contract to renovate railroads between Washington and Boston—a contract that was supposed to aid minority-owned businesses in the United States. The white-owned South African company, Grinaker Pre-Cast Ltd., is bidding for the contract in partnership with a black-owned company in Columbus, Ohio—Smoot Construction Company. Owner Lewis Smoot admits working with the South Africans, but says, "I would get in bed with the devil if I could do something to help our people learn and go to work."

Leading members of the Congressional Black Caucus do not agree. Representatives Charles Rangel and Shirley Chisholm of New York have written letters of protest to Transportation Secretary Brock Adams saying that the U.S. government should not give any contracts to South African companies as long as the apartheid regime oppresses its black majority. The *New York Times,* which broke the story Oct. 16, reported that Congressional Black Caucus leader Parren Mitchell (D-Md.) apparently favored the South African contractor because a black-owned company in Baltimore was going to get a sub-contract from the South Africans. But Parren Mitchell has since denied that report.

Big money is at stake in the deal. The Transportation Dept. is launching a $1.7 billion project to upgrade railroad tracks in the northeastern U S. The department wants to lay concrete rail ties to handle new high-speed trains.

If the South African firm wins out over other companies including a black-owned business in Brooklyn, it stands to cash in on millions of dollars of business in the U.S. as railroad systems in other parts of the country are modernized. A decision on who gets the first contract is expected in the next week.

CEASE-FIRE BREAKS DOWN IN SOUTH

philippines

Thousands of government troops were engaged in an "intensified punitive campaign" against Moslem rebels on the southern island of Jolo last week, in retaliation for the killing of a commanding general, five top aides and 28 other soldiers on Oct. 11. The general, Teodulfo Bautista, was the commander of the key First Infantry Division which plays a central role in the war against the Moro National Liberation Front (MNLF) in the southern Philippines. The government said Bautista, who held one of the most prestigious posts in the military, was ambushed when he went to meet a rebel leader who had indicated he might consider switching sides. Two days after Bautista's death, Moslem rebels killed another senior officer in a nearby spot. Government troops in the Jolo operation are reportedly backed by heavy artillery and naval vessels which are blockading the island.

A cease-fire between the government and the MNLF, negotiated last December, has crumbled in recent weeks, with government troops carrying out large search and destroy operations backed by artillery and aircraft on the islands of Jolo and Basilan. The government refers to them as "police actions" and says they are aimed at locating a "rebel band" responsible for a land mine explosion last month which killed 24 people. However, reports of government military operations on the two islands began appearing in August, before the land mine incident.

Speaking at a memorial service for Bautista, Pres. Ferdinand Marcos said that the renewed fighting had set back prospects for an end to martial law. A Moslem rebel leader charged on Oct. 12 that government troops had massacred about 400 Moslem civilians to avenge Bautista's death.

BEATRIZ ALLENDE—A VICTIM OF THE JUNTA

chile

Beatriz Allende, daughter of former Chilean president Salvador Allende and founder of a key Chilean solidarity committee with headquarters in Havana, was buried with special honors in Havana October 14. She had shot herself three days earlier, because—she told a friend in a letter—she was suffering from mounting depression as a consequence of the "psychological wounds" she experienced beginning Sept. 11, 1973, the day the Pinochet junta killed Allende and overthrew his government. She had been with her father at the National Palace the day of the coup and reportedly wanted to die fight-

ing alongside him, but he ordered her to leave to save her life and that of the child she was carrying. After the coup she went to Cuba, where she lived with her two children and worked "tirelessly"—according to those who knew her—with the Committee of Solidarity with Anti-Fascist Resistance, an organization that grouped together Chilean exiles in Cuba from all the Left political parties. She herself was a member of the Socialist Party, which is currently in the midst of intense internal dissension.

Hundreds of people accompanied the funeral procession in Havana to the Cuban Revolutionary Armed Forces Pantheon, where she was buried. In his funeral address Chilean exile leader Francisco Fernandez said the "murderous hand of Pinochet is present in this new casualty undergone by the Chilean revolution." He said "the untold suffering of the Chilean people . . . caused great pain to her. She withstood that pain as long as she could."

U.S. TO SELL ARMS TO BELGRADE

The U.S. and Yugoslavia laid the basis for greater military cooperation this month during Defense Secretary Harold Brown's **yugoslavia** unprecedented visit to Belgrade Oct. 12-14. In talks with Yugoslavia's defense minister, Brown reportedly agreed to expand U.S. arms sales to Yugoslavis and to increase exchanges between military officials of the two countries. Yugoslavia is thought to be seeking TOW wire-guided anti-tank missiles and anti-aircraft radar from the U.S. The Carter administration reportedly views sales to Tugoslavia as a means of cementing U.S.-Yugoslav relations, which have improved markedly since Carter took office.

Brown's visit was the third in a series of top-level contacts between the two countries. Vice-president Mondale visited Belgrade in May. Early this month Edvard Kardelj, expected to succeed 85-year-old leader Marshall Tito, visited Washington for what he called one of the "longest and broadest exchanges of views between us and the United States since 1950" Tito is expected to visit Washington next year. The U.S. is hoping to reinforce Yugoslavia's independence in order to prevent a drift back toward the Soviet Union after Tito's death.

From 1951-61, the U.S. was Yugoslavia's chief arms supplier delivering $750 million in military aid and selling $1 billion in arms on favorable credit terms. Yugoslavia let the military relationship lapse in 1961 and began buying its sophisticated arms from Moscow (Yugoslavia produces 80% of its own defense needs). Its arms purchases from the U.S. in recent years have been confined mostly to spare parts, which came to just $267,000 in fiscal year 1977. The Pentagon has told Congress that U.S. arms sales to Belgrade this year may total $1.5 million.

AMNESTY ANNOUNCES INTERNATIONAL CAMPAIGN

Amnesty International, which has just won the Nobel Peace Prize for 1977, last week accused the Indonesian government of **indonesia** holding 55,000 to 100,000 political prisoners and said it would launch a worldwide campaign to secure their "immediate and unconditional release." A report released by Amnesty on Oct. 18 said that many of the detainees have been held in prison camps, in forced labor camps and penal colonies for up to 12 years without being tried. Many have never even been charged. "In no other country of the world are so many political prisoners held without trial for so many years," an Amnesty spokesperson said at a press conference in New York. "The unchanging pattern of political imprisonment in Indonesia," he said, "presents the gravest challenge to the concept of international responsibility for human rights."

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SOUTH AFRICA: South Africa is strengthening ties with Argentina and Israel: a top-level Argentine official is in Pretoria discussing a possible South Atlantic naval alliance, and Israel's Finance Minister will soon become the first Israeli cabinet minister to make an official visit to South Africa. (*Newsweek* 10/10) • **IRAN**: A move is underway in the OAU to ask Iran to stop selling oil to South Africa unless Pretoria agrees to stop selling oil to Rhodesia. (*L.A. Times* 10/16) • **MOROCCO**: A contract "in excess of $200 million" has been awarded to Westinghouse by Morocco for the development and installation of a modern integrated air defense system. (*New York Times* 10/11) • **SAHARA**: Under pressure from leftist parties, Spain's government has begun to speak more openly of the need for self-determination for the people of the Western Sahara which Spain turned over to Morocco and Mauritania in 1975 without consulting the inhabitants. (*NYT* 10/10) • **INDIA**: The U.S. is trying to persuade India's new government to publicly renounce further development of nuclear weapons. (*Boston Globe* 10/11) • **SWEDEN**: Sweden announced it would cancel more than $200 million in debts owed by 8 Third World governments, following a similar decision by Canada recently to write off $254 million in debts. (Reuter 10/12) • **ARGENTINA**: The junta has decided to extend a ban on trade union activities for another year. (Reuter 10/7) • **COLOMBIA**: Labor strife continues, with the four main labor confederations rejecting government offers for a small wage increase and a major river port placed under heavy military patrol due to a strike by oil workers there. (Agence France Presse 10/16) • **PERU**: The government accepted IMF terms and announced a tough austerity program aimed at controlling inflation, reducing imports and lowering the federal budget deficit. (UPI 10/11) • **PANAMA**: Pres. Carter and Gen. Torrijos issued a "statement of understanding" reaffirming the U.S. right to use military force to keep the Canal open and the right to "head-of-the-line" privileges for U.S. ships in an emergency, but denying the U.S. the right to interfere in the "internal affairs of Panama." (*LAT* 10/16) • **JAPAN**: Japan said its trade surplus for the first half of fiscal year 1977 reached an all time high of $8.79 billion. (Reuter 10/17) • **ARMS**: The Senate approved $374 million to speed work on the cruise missile and to modernize existing bombers to replace the B-1. (*Wall Street Journal* 10/11) •**ANTARCTICA**: A 13-nation conference on Antarctica has urged a halt to mineral exploration and exploitation there pending a study of environmental implications. (Reuter 10/8) • **OIL**: Oil producers and Western oil companies agreed at a special 3-day seminar convened by OPEC that oil prices would have to rise substantially if the world's dwindling supplies were to be conserved. (Reuter 10/12)

Nigeria

[continued from page 1]

supplier, after Saudi Arabia. Last year, the United States bought nearly $5 billion worth of Nigerian crude—55 percent of Nigeria's oil production. An OPEC member, Nigeria is the world's sixth largest oil-producer. During Obasanjo's visit to Washington, Carter asked for Nigeria's help in holding down world oil prices and, according to White House officials, Obasanjo agreed to consider the request.

The most important topic in the U.S.-Nigerian talks was apparently Rhodesia. The Carter administration is seeking Nigeria's support for the latest U.S.-British plan for a Rhodesian settlement. A key aspect to that plan is the call for a United Nations "peacekeeping" force to enter Rhodesia and supervise a six-month transition to black majority rule by the end of 1978. The guerrilla forces of the Patriotic Front—the nationalist alliance in Rhodesia—have rejected UN military intervention, saying they do not want a repeat of the Congo in the early 1960s when UN forces presided over the demise of radical nationalist Patrice Lumumba and the rise to power of the Congo's (now Zaire's) dictator, Sese Seko Mobutu. In order for the latest U.S.-British plan to have any chance of success, Washington and London know that they must line up substantial African support and as many African troops as possible to join the UN force.

It would be a major coup for the U.S. and Britain to convince Nigeria to contribute its soldiers. Nigeria's 220,000-member army is the largest and best-equipped in black Africa. Carter and Obasanjo discussed the composition of the UN Rhodesia force, but issued no final agreement. However, Nigeria's UN ambassador told the *Christian Science Monitor* last month that Nigeria was prepared to provide soldiers for the peacekeeping operation in Rhodesia. And Obasanjo told the UN General Assembly after meeting with Carter, "Our view is that in spite of obvious defects and weaknesses, mostly of an ambiguous nature, the [U.S.-British] proposals may well deserve to be given a chance." The *New York Times* reported October 12 that "General Obasanjo has played a critical, but hidden role in the Rhodesian situation" in consultation with Andrew Young.

Nevertheless, there still appears to be some distance between the U.S. and Nigerian positions on Rhodesia. Obasanjo told the UN October 13 that "Nigeria will never be party to any solution in Zimbabwe that could be remotely interpreted as a sell-out of the six million people of that land." And during a White House dinner in his honor, Obasanjo said that while he was prepared to support efforts to find a peaceful solution in Rhodesia, "We believe armed struggle by the oppressed is justifiable and bound to succeed."

Obasanjo's support for armed struggle was strong enough for the *Christian Science Monitor* to publish an editorial October 13 warning Carter to ensure that the "symbolism" of his "arm-on-the-shoulder White House welcome to the military ruler of Nigeria" not be allowed to imply "American backing of the armed struggle against southern African white regimes which General Obasanjo had the poor taste to support in a White House dinner toast."

The *Monitor* editorial highlights the sensitive diplomacy of the U.S. bid to win Nigerian support. Although Nigeria (a former British colony) is traditionally pro-Western, recent Nigerian administrations have taken a slight turn to the left. When Obasanjo's predecessor, Gen. Murtala Muhammed, was assassinated in an attempted coup in February 1976, the CIA was accused of involvement and Nigerian students stormed the U.S. embassy. Muhammed's government had strongly backed the MPLA in Angola against the U.S.- and South African-backed FNLA and UNITA.

The Carter administration is trying to keep Nigeria in the Western camp. The Nigerian government is firmly committed to capitalist development. But it is also far more militantly opposed to white-minority rule in southern Africa than any Western power. In Washington, Obasanjo called "the racist repression" of white-minority rule "a crime that not only Africa, but all mankind, must fight."

Nigeria may hope that by improving relations with the U.S., it will end up influencing Carter's policies on southern Africa. At an anti-apartheid conference in Lagos last August, Obasanjo took a militant line, announcing the creation of "an economic intelligence unit" to compile information on governments and corporations that do business with South Africa and Nigeria—with a view toward telling them they have to choose one country or the other. There was talk at the Lagos conference of Nigeria leading an economic boycott against South Africa or even mounting an oil embargo. The U.S., which would like to maintain investments in both countries (see *IB* vol. 4, no. 4), is reportedly trying to head off such militant action by Nigeria. However, the liberation movements in southern Africa and countries like Mozambique, Tanzania and Angola are lobbying hard for Nigeria to play a more active role in ridding the continent of minority rule.

Under previous U.S. administrations, another huge African nation, Zaire, was the choice for pro-Western leadership in Africa. Now Zaire, as one Western correspondent put it, "seems a model of chronic instability and fiscal irresponsibility." Mobutu recently accused his closest adviser and foreign minister of treason (he was sentenced to life imprisonment) and Zaire now owes an astonishing $3 billion in foreign debt. The Carter administration would like to shift its political focus in black Africa to Nigeria. The extent to which Nigeria fulfills its new American role will have a major impact on African politics. —ST

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